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Board of Regents of Higher Education

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System and Campus:
A Structure for Excellence

The Chancellor's Report
to the Board of Regents

March 1989

APPROVED BY THE BOARD OF REGENTS
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Executive Summary

The effectiveness of the public higher education system in serving the Commonwealth depends upon the excellence of the individual colleges and universities. The effectiveness of the Board of Regents must be measured above all by our ability to create an environment in which each institution successfully pursues its own, clearly defined mission within a well-articulated statewide framework. Our success therefore depends upon having a shared vision of our common goals and a clear sense of the role of each institution and the Board of Regents in achieving them.

As a statewide governing board, the Board of Regents should be primarily concerned with policy and planning, avoiding excessive regulation and detailed management of the campuses. Those matters are best left to institutional administrations and trustees. Unnecessary layers of management can only inhibit individual campus initiative. In the words of the statute, the basic responsibility of the Board of Regents is "to preserve and promote diversity of institutional mission and function."

The recommendations that follow look to a system of shared governance. Each college and university should be free to shape its own character and fulfill its distinctive mission. At the same time, the people of the Commonwealth should be assured that the statewide, comprehensive system of higher education fosters academic excellence and institutional accountability, and promotes the effective use of public resources in meeting the needs of the Commonwealth.

My recommendations are:

1. *There should be four universities within the Massachusetts system of public higher education, each with a distinctive identity and character, serving the Commonwealth as a whole as well as its region. Each should have its own President and Board of Trustees.*

   a. *The University of Massachusetts, the state's public land-grant university, should comprise the research-oriented campuses at Amherst and Worcester.*

   b. *The University of Massachusetts at Boston should retain its name and become a free-standing university with a distinctive mission that reflects its place in the metropolitan area.*

   c. *The University of Lowell should be designated the University of Massachusetts at Lowell in recognition of its leadership in applied science and technology.*

   d. *Southeastern Massachusetts University, a smaller university with many of the qualities of a fine undergraduate college, should be given the option of retaining its name or being designated the University of Massachusetts at Dartmouth.*

   e. *A council of university presidents, parallel to those representing the state colleges and community colleges, should be established to deliberate and advise the Chancellor and the Regents on key issues affecting their institutions.*

2. *Each of the state colleges should be supported in the development of its distinctive identity and character, and of effective campus governance. The Regents should continue their efforts to remove the restrictions that now require the campuses to offer evening graduate courses exclusively through continuing education programs.*

3. *Each of the community colleges, similarly, should define its mission and seek a balance of programs appropriate to the needs of the region it serves.*

4. *The Regents should work with the campuses to make the annual budget process more effective in achieving the goals of quality, access, and accountability. The process should recognize the realities of campus finance and the distinctive missions of various types of colleges and universities as well as of individual institutions.*

   a. *To better reflect the realities of campus administration, the Regents should develop a budget-analysis framework that takes into account the full financial picture of the system and its institutions, including funds from all sources.*

   b. *To assure a solid funding base for all our campuses, the Regents should formulate budgetary guidelines, differentiating among types of program, levels of instruction, and institutional missions. Separate sets of guidelines should be developed in consultation with each of the presidents' councils.*

   c. *To assure that resources at the margin are used effectively, the Regents should develop "indicators of effectiveness" for the system and encourage each institution to develop multiple measures that reflect its distinctive mission.*

5. *The Regents should seek legislation to establish a Public Higher Education Capital Endowment Fund that will provide a vital "margin for excellence" in the system.*

6. *The Regents should continue to work with the Division of Capital Planning and Operations to streamline capital outlay procedures. In doing so, they should also consider whether amendment of some provisions of Chapter 579 is appropriate.*

7. *The Regents support the proposal to establish an Academic Review Panel that would create criteria for the selection of qualified candidates for Board appointments, oversee the selection process, and recommend candidates for appointment by the Governor.*

8. *Within five years, the Regents should conduct a formal participatory review of the effectiveness of the system's structure, including these changes.*

SYSTEM AND CAMPUS: A STRUCTURE FOR EXCELLENCE

The Chancellor's Report to the Board of Regents

The Board's request to review the present structure of higher education and recommend whatever changes will assist us in pursuing quality and effectiveness comes at an especially appropriate time. It allows me to relate structural issues to the interrelated goals of excellence and access, about which I have written and spoken extensively.

Excellence is the only true measure of success in educating our citizenry. And because we recognize that acquiring knowledge and skills is a necessary precondition to success in our competitive society, we insist that higher education must be open to all, regardless of condition or means. Reconciling excellence with openness is not an easy task, but it serves the interests of our diverse population and is the only means of insuring our future success as a society. Our goal must be a system of public higher education that is acknowledged to be among the finest in the nation.

CONTEXT

A century and a half ago, under the leadership of Horace Mann, Massachusetts created America's first public higher education system by establishing state normal schools in various regions of the Commonwealth. In 1965, conscious that we had fallen far behind other states in providing educational opportunities to our students, the Commonwealth implemented recommendations of the Willis-Harrington report to provide stronger statewide coordination. In 1981, when the Board of Regents came into being, Massachusetts instituted a modern, comprehensive public higher education system. I believe that the structure now in place is one of the most progressive in the nation; that the outstanding accomplishments of our public colleges and universities in this decade attest to its success; and that — with some small but significant adjustments — it offers the best framework within which the system as a whole, and each of its campuses, can achieve the goals of recognized excellence that all of us share.

The modern concept of state governance and coordination of higher education is largely a product of the post-World War II era. During the 1950's and 60's public higher education grew rapidly, driven by national prosperity, rising educational aspirations, and federal support. Expansion received a "second wind" with the arrival of the baby-boom generation at college age, magnified by new student financial aid programs, and increasing participation by women, minorities, and lower-income people. During this period the traditional university became (in Clark Kerr's term) a "multiversity," small normal schools mushroomed into very large comprehensive campuses, and a new type of institution, the community college, emerged as the principal gateway to postsecondary study for previously underserved groups and the general public. Central direction was essential to channel this explosive growth, assuring at once that the full range of public needs was met and that public funds were efficiently deployed.

Massachusetts was slow to join this national movement. As late as 1960, ours was still basically a 19th-Century system. It comprised a one-campus university, nine state colleges historically committed to teacher training, three technological institutes in industrial cities, and a Maritime Academy, all founded before 1900. The total system enrollment was 17,000, less than that of many individual public campuses in other states. At a time when comprehensive offerings were seen as the hallmark of public institutions of higher education, ours were still

closely identified with the special purposes for which they were originally established.

But the system was beginning to change. The University of Massachusetts (Massachusetts Agricultural College until 1931) had been given its present title in 1947, and was moving to fulfill it; the state colleges had dropped the word "Teachers'" from their names in 1959, and were building liberal arts curricula; and, in the fall of 1960, our first state-supported community college opened its doors. In Massachusetts, the age of rapid growth was 1960–1980. By the end of that period, we had created two new universities through mergers. A medical center had given the system a role in graduate professional education. The state colleges were no longer predominantly teacher-training schools, and were adding professional programs to their liberal arts offerings. Fifteen community colleges brought higher education opportunities to within 20 miles of virtually every resident of the Commonwealth, and extended services to various categories of "nontraditional" students. In twenty years, enrollment grew sevenfold to 120,000.

Thus, our system is a relatively new one. It is new in the sense of being formally created by our enabling act, Chapter 15A in 1980. At that time, the colleges and universities within it were also new, either in the date of their foundation or because they had recently assumed new roles; and the sudden importance of public higher education was, in Massachusetts, the greatest novelty of all. If the institutions lacked fully relevant traditions — including, for those formerly within the tightly centralized state college and community college systems, traditions of autonomous governance — their public image lagged even further behind the status they had achieved in reality.

In other respects, however, the "new" system was already close to maturity. Despite rather loose coordination over the previous decades, a generally appropriate distribution of various types of institutions was in place. The level of enrollments has held relatively steady during the 1980's and, in view of prevailing demographic trends, is unlikely to rise markedly in this century. One advantage of our late start in expanding the system is that we are not "overbuilt"; indeed, as our capital plan made clear, our campus development has never caught up with our academic needs. Also, Massachusetts was able, in reorganizing its higher education establishment, to take account of accumulated experience both here and in other states, to provide itself with a governance structure particularly well-suited to a mature system.

In the eight years since the creation of the unified system, we have made significant, even startling, progress. The state colleges have gained ground in a competitive world, while carrying out a difficult transition to fully comprehensive programs; the community colleges have also broadened their offerings and extended access to previously underserved populations. In both of these segments, formerly controlled by powerful central governing boards, campus administrations have matured as they assumed their new responsibilities. Our universities have grown in excellence; whether judged by objective standards or by reputation, as undergraduate institutions or as centers of research and graduate study, there is no comparison between their standing today and the positions they occupied at the start of the decade.

GOVERNANCE AND COORDINATION

If the Massachusetts system of public higher education is to be second to none, its structure must be supportive of our fundamental commitments to access, academic excellence, responsiveness to Commonwealth needs, public accountability, and diversity of institutions and programs. The only true test of a governance structure is whether it supports and encourages campuses in their pursuit of quality and the effective use of resources. A good structure, especially at the statewide level, promotes diversity and encourages flexibility. It demands consistency of standards for admitting, transferring, and graduating students, thus ensuring that campuses complement one another.

In deciding whether to restructure our present system, we should be mindful that restructuring cannot be an end in itself, nor should it be built around personalities or seek to inflate institutional reputations without corresponding changes in the institutions themselves. Restructuring requires clarity about goals and objectives. Above all, any restructuring should assist the system and the institutions involved to carry out their respective missions more effectively.

Acting as a System

Some people see a system as an amorphous aggregate of "real" organizations, not as an organization in its own right. In doing so, they lose sight of the many broad issues and tasks that transcend those of the institutions themselves and belong to the system as a whole. They also miss the opportunities and responsibilities that derive from the fact that "the whole is greater than the sum of its parts."

For example, turning a state college into a selective liberal arts college might well serve specific institutional goals. If part of a systemwide plan to meet the needs of a diverse student body, it could also meet overall state goals for increasing the range of educational opportunities available to students in the state — a positive outcome of acting as a system. In the absence of such a plan, however, an individual institution could achieve its specific goals but the system could still fall short of achieving overall state goals.

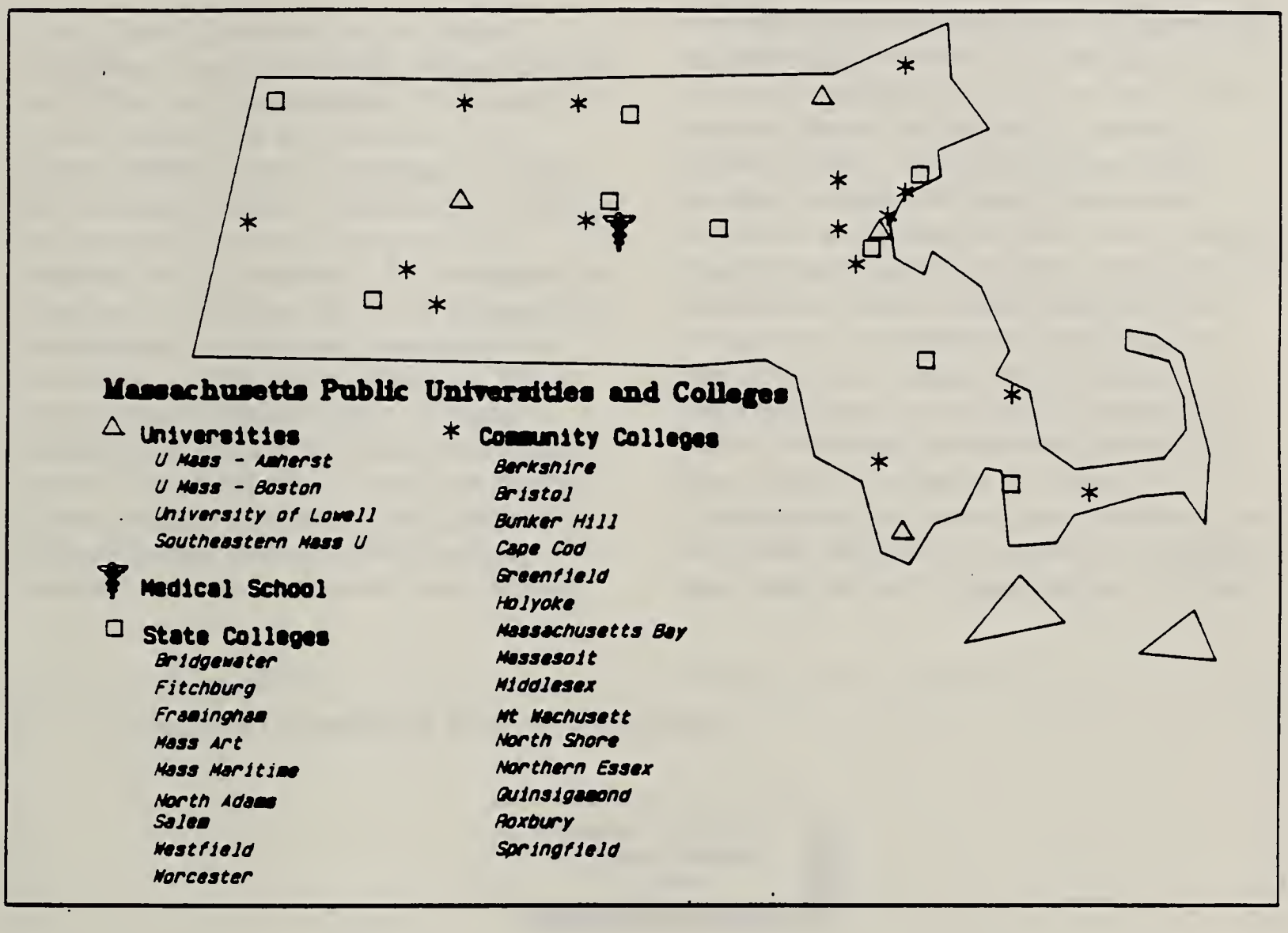
An effective system should be able to manage diversity, ensure a high degree of decentralization, encourage a healthy competitive spirit, protect the identity and unique traditions of each institution within the system, and ensure institutional autonomy and accountability. A clear sign of system maturity is its capacity to tolerate diversity and foster differentiation across institutions.

In acting as a system, we need to give far more emphasis to leadership and vision. One way of doing so is to establish policies that influence the competitive forces within the system (e.g., use of incentives), that enhance system effectiveness (e.g., resource sharing), and that support and reward effective campus leadership.

It seems to me as I look back over the last decade that the Legislature struck exactly the right note in the 1980 legislation creating the Board of Regents, giving the Board both governing and coordinating responsibilities. While much attention has been paid to the sweeping power granted the Regents, the same legislation was also a bold move to campus autonomy. At a single stroke, Chapter 15A created 25 individual boards of trustees, eliminating consolidated governing boards in the state college and community college sectors. In short, the legislation that governs us now charted a middle course — what might almost be called a federal system for governing higher education, reserving some powers for the individual institutions and others for the Board of Regents.

I believe that statewide boards should be primarily concerned with policy and planning issues — establishing a framework within which local governance takes place. They should

avoid excessive regulation and detailed management. Those matters are best left to the campuses and to the individuals most affected by these decisions. Unnecessary layers of management inhibit campus initiative. We should, in sum, keep uppermost in our minds that it is the Regents' responsibility, in the words of the statute, "to preserve and promote diversity of institutional mission and function" from teaching and research to public service.



"It is hereby declared to be the policy of the commonwealth that the purpose and function of the board of regents shall be to develop, foster, and advocate a comprehensive system of public higher education of high quality, flexibility, responsiveness, and accountability. This comprehensive system will enable the citizens of Massachusetts to continue to choose among and have access to a broad spectrum of educational programs and services at all levels of instruction while incorporating a capability to respond to changing economic and social needs of the commonwealth."

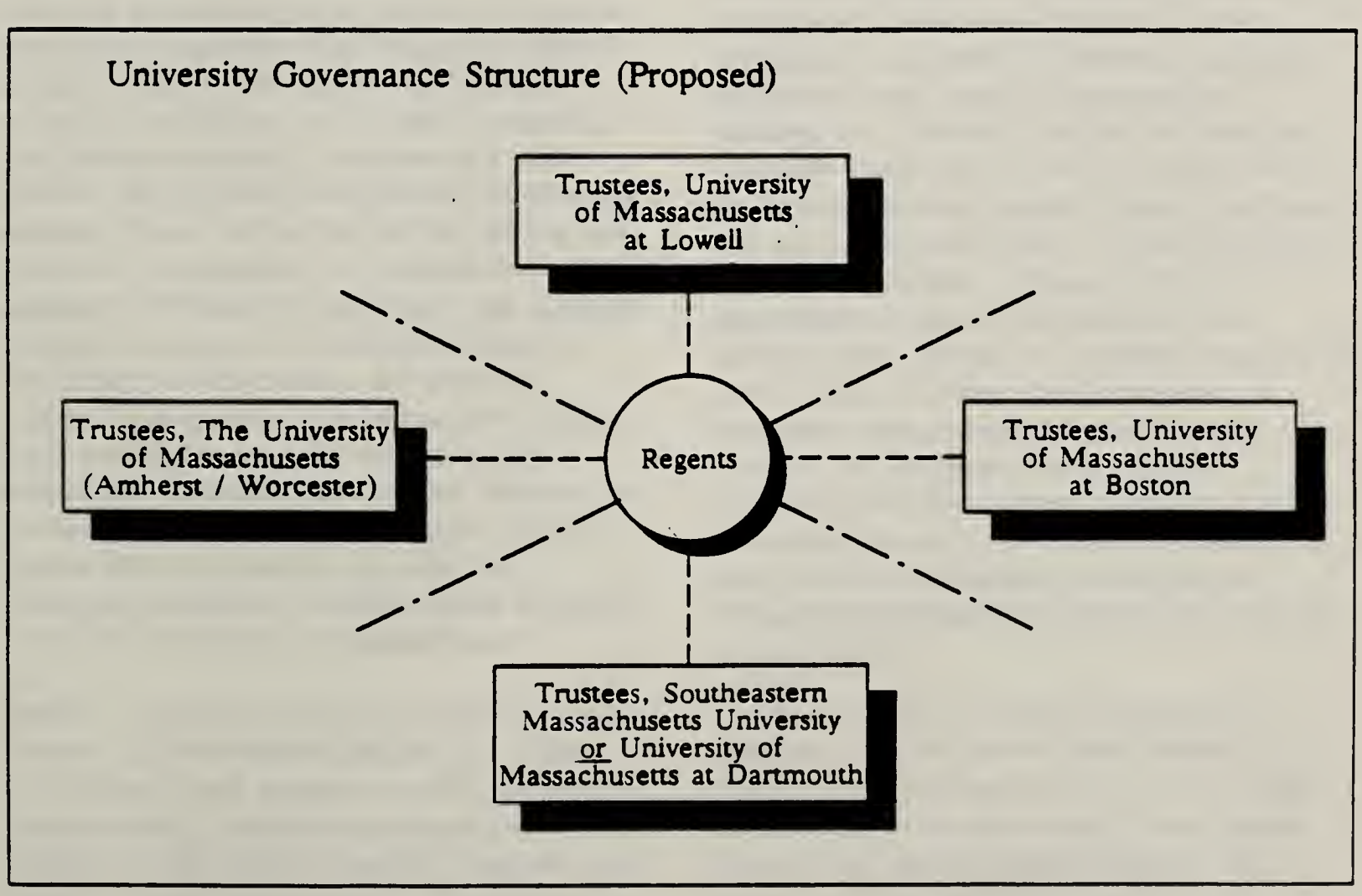
— Chapter 15A (Section 1)

A PROPOSAL FOR RESTRUCTURING

The Universities

There is wide agreement that the public universities, for all their recent strides, have not yet fulfilled their true promise. The objective must be nothing less than that the Commonwealth's public universities take their place among the finest in the nation — indeed, that the nation look to Massachusetts for leadership and for example. To accomplish that objective, it is essential that the universities not be hampered by outmoded assumptions and perceptions. Each university must be able to seek its own "ecological niche" in higher education and identify its unique characteristics so that its goals will receive maximum support by and through the system. The contributions of Massachusetts' public universities must become prominent in statewide consciousness.

To begin with, the artificial and ambiguous relationships among the universities must be altered. Strong individual boards of trustees that know and care about their institutions offer the best assurance that these institutions will receive the support and advocacy they need in order to realize their distinctive missions. Further, there is a synergy between strong boards of trustees and strong presidential leadership at the campus level. The universities need to work together to share information and opportunity, and to express their plans and concerns to the Board of Regents; they also must be able to collaborate individually on specific projects and in specific disciplines as well as with other institutions in their regions. The essential first step is to define the characteristics and goals of each institution, and to provide each with the appropriate designation that signals its role in public higher education.


University Governance Structure (Proposed)
Trustees, University of Massachusetts at Lowell
Trustees, The University of Massachusetts (Amherst / Worcester)
Regents
Trustees, University of Massachusetts at Boston
Trustees, Southeastern Massachusetts University or University of Massachusetts at Dartmouth

Amherst and Worcester. The University of Massachusetts is the Commonwealth's only public land-grant university. Our expectations for it should be high; with a firm commitment from the Board of Regents, the Governor, and the Legislature, it can join the first rank of American research universities. Last fall a distinguished team of scholars and administrators noted in the report of their accreditation visit that the University's scholarly output and external funding for research and educational programs has "exploded" in the past ten years. The report particularly commended the University for its broad public-service initiatives. At the same time, however, the report expressed this concern about governance: "We see a threat to the proper functioning of a university in any governance structure that is ambiguous. We encountered both concerns about issues of governance and uncertainties about who does what within the towering administrative superstructure of Massachusetts higher education."

If the University of Massachusetts is to take the next step in its quest for excellence, it must be freed from the stifling bureaucracy of a system within a system. The University should be recognized as the state's lead public university for graduate education, basic research, and service, with academic programming in all major academic areas, in the fine and performing arts, and in the professions. By complementing the graduate and research programs on the Amherst campus with those of the Medical Center at Worcester, we will create a university of "classic" configuration that will at once take its place among the nation's leading research institutions. It should have its own President (at Amherst) and its own Board of Trustees with responsibility for both the Amherst and Worcester campuses. It should retain its current name, *The University of Massachusetts*.

Boston. The Boston campus, established as a "branch" of the Amherst campus, has fought for its identity and struggled to fulfill its promise hampered by a governance structure poorly designed to give it the leadership, attention, and support it needs and deserves. The campus has made great strides following its consolidation with Boston State College. It is now ready to step out from under the shadow of the senior campus at Amherst, and define itself in its own right. The campus has the solid base of an outstanding faculty and a location the envy of universities across the country.

The University of Massachusetts at Boston now has public policy institutes that are transferring knowledge gained through basic and applied research to meet pressing social and economic needs of the city and region. The Gerontology Institute, the John W. McCormack Institute of Public Affairs, and the William Monroe Trotter Institute for the Study of Black Culture are attracting public and private funding that has not come to the University in the past. The initiation of doctoral study, a key step in the University's development, began with the Ph.D. program in Environmental Sciences; a Clinical Psychology program is now being implemented, and others are under consideration.

This university is in a strong position to develop and cultivate degree and research programs that capitalize on its unique location in a great metropolis. Agriculturally oriented land-grant institutions were placed in rural settings; similarly, the University uses the city itself as a living laboratory for the study of urban issues. Its diverse clientele requires a range of programs and services beyond those of a more traditional college or university. Among these are high-quality programs, particularly at the graduate level, offered on a flexible or part-time basis. And, of course, the Boston area possesses a unique concentration of social, cultural, and academic institutions; the distinction and effectiveness of the city's public university depends in part upon its freedom to draw upon and contribute to this richness through interinstitutional collaboration, and on its own terms.

In some respects, the Boston campus has benefited from its place in the University of Massachusetts system, and there are arguments for retaining its present status. Now, however, there are far more compelling reasons for making it a free-standing university. As a

thriving urban university of great diversity and the highest quality, it should have its own President and Board of Trustees committed to one, and only one, objective: obtaining the resources, public support, and the stature required to carry out its mission. It should retain its name, the *University of Massachusetts at Boston*.

Lowell. The brief history of the University of Lowell demonstrates some of the advantages of having a clear sense of mission, strong leadership, and the support of a committed board of trustees. Established in 1975, it has aggressively pursued academic excellence in fields carefully selected for their potential contribution to regional development. Through strategic initiatives, such as its interdisciplinary research centers and emphasis on cutting-edge technologies, the University now not only serves the Commonwealth but, increasingly, the entire northeastern region of the nation. In some areas it is well on its way to developing national prominence.

The University has developed an appropriate array of doctoral programs in the sciences and engineering and other professions, and has achieved its goal of securing all first-round accreditations of professional undergraduate programs. Its contributions to the region's economic vitality have become well-known, and its capabilities in applied research and technology have made it a successful competitor for Massachusetts Center of Excellence awards. Recognition as a strong research- oriented university is an achievable objective, given the University's accomplishments to date and the vision of its leadership, leaving only the needed fiscal resources to be secured. It should retain its own President and Board of Trustees, and should be designated the *University of Massachusetts at Lowell*.

Dartmouth. Southeastern Massachusetts University, like most other public universities in Massachusetts, is the product of the merger of several predecessor institutions. It is the Commonwealth's only university, public or independent, south of Boston. As such, it has a responsibility to provide educational leadership to this region through strong undergraduate programs and specialized graduate programs that meet the needs of the region and build upon the institution's strengths. Among its recent initiatives have been the strengthening of the quality of undergraduate instruction and support, and creating the basis for growth of its graduate programming. It has also identified as a priority strengthening its linkages to the community by involving community leaders in advising and supporting the University and through enhanced outreach services. It should have a strong Board of Trustees working closely with its President to assist the University in achieving its potential, and should be given the option of retaining its name or being designated the *University of Massachusetts at Dartmouth*.

The resulting cluster consists of four universities (one with two campuses), each with a distinctive mission, a president, and a strong board of trustees. In this configuration, the presidents report directly to their respective boards of trustees. The central office of the University of Massachusetts is eliminated, thereby simplifying governance and promoting institutional autonomy. The university cluster can, however, benefit considerably from cooperation and collaboration through a council of university presidents, just as the state colleges and community colleges now do. The council of university presidents can also articulate to the Chancellor and the Regents university issues that can best be addressed on a statewide basis.

Establishing a free-standing university in Boston will require the resolution of a number of issues. Among them are the future of the University of Massachusetts Building Authority; collective bargaining; personnel and accounting systems; and, of course, the disposition of the resources and functions of the President's office. Should the Board of Regents approve this measure, I will then convene a consultative group to advise us on these issues.

The State Colleges

Massachusetts' state colleges, with one exception, originated as teachers' colleges; they include the oldest public postsecondary institutions in the Commonwealth. In recent decades the former teachers' colleges, here and elsewhere in the nation, added liberal arts courses and majors and developed career-oriented programs in fields such as business and the health professions. To meet the needs of teachers, the state colleges also developed graduate programs in education and more recently mounted master's degree programs in other fields as well. The state colleges have remained primarily teaching institutions, with scholarship and research playing a lesser role.

The Commonwealth's state colleges, like similar institutions in other states, tend to define themselves more by what they are *not* than by what they are. State colleges do *not* define themselves as research institutions, they do *not* offer doctoral degrees, and they do *not* emphasize vocational-technical training. Because of their origins in a centralized system, their similarities are far more evident than their differences. With the exception of the Massachusetts College of Art, the development of unique institutional characteristics has proceeded more slowly than in similar systems elsewhere.

Although the state colleges must continue to serve the Commonwealth's citizens primarily as undergraduate teaching institutions, there are opportunities for differentiation and specialization that have not been fully realized: for example, program emphasis and balance within a comprehensive curriculum; campus character and atmosphere; unique academic programs and support services; and student profile. The state colleges should seek out these opportunities and develop them, taking account of their regions' needs and the possibilities for collaboration with other area institutions. The Board of Regents has an obligation to support each state college in developing its distinctive mission, program array, and character.

The role of the state colleges in graduate education badly needs strengthening. While continuing to emphasize their baccalaureate and teaching mission, the state colleges must improve their ability to serve area residents who need master's degree programs to advance their knowledge, skills, and careers. Professional and career development, particularly in a state like Massachusetts, increasingly requires advanced education. Just as the proportion of Massachusetts high school graduates going to college has risen steadily, the number of Massachusetts students seeking opportunities for graduate education will continue to grow. Yet the ability of our state colleges to offer high-quality master's degree programs at reasonable cost is seriously impaired by the requirement that these programs be entirely self-supporting.

Regional accreditation of the state colleges is threatened by this anomalous circumstance, one not found in any other state. Graduate professional programs in business and social work, among others, are unlikely ever to achieve accreditation by national professional organizations. As these colleges move forward with the clinical master's degree programs that are one of the essential elements of the reform of teacher education now under way in Massachusetts, it is absolutely vital that the state colleges be permitted to determine the best way to utilize their state-appropriated and other resources to support master's degree programs for teachers. The time for the state colleges to integrate their master's degree programs with their "day" programs is long overdue. The passage of the bill already filed by the Board of Regents to permit state support of these programs must remain among our highest priorities.

The state colleges, in short, need to identify their strengths and build on them, differentiate their missions, and strengthen their best graduate programs through full institutional integration while phasing out those graduate programs where neither demand nor quality support their continuation. The importance of

strong individual boards of trustees should be recognized.

The Massachusetts Maritime Academy, one of the nation's few state-supported maritime colleges, has suffered a significant drop in enrollment over the last several years. This decline mirrors the decline in the United States maritime industry. Federal subsidies to the maritime academies across the country have been substantially reduced, while the cost of educating the cadets continues to increase. The present per-student cost of education at the Maritime Academy is easily the highest among all public colleges and universities in Massachusetts. Following a legislative mandate, the Board of Regents is now conducting a study that will allow us to make some fundamental decisions about the future of the Academy. Because that study is in progress, it would be premature to offer any specific recommendations about the Academy in this report.

The Community Colleges

The youngest institutions in the public system are the 15 community colleges. In Massachusetts, as throughout the nation, community colleges were established in large numbers primarily during the 1960s. In many instances the community colleges were founded in order to provide local access to the first two years of college education, with the expectation that students would continue their education through the baccalaureate at four-year colleges and universities. In states with well-developed vocational-technical institute systems, liberal arts transfer programs continued to dominate at the community colleges. In Massachusetts, however, the community colleges also offer short-term vocational and employment-related programs, and these programs have become very popular. The community colleges are also struggling to define their responsibilities for adult basic education and English as a Second Language. The Commonwealth's community colleges have therefore undertaken to provide an enormous range of educational opportunities to Massachusetts residents. As open-access institutions which make education and training available to students with diverse backgrounds and needs, the community colleges play as important a part in our overall system of higher education as our baccalaureate and graduate campuses. Their service to the Commonwealth can hardly be overstated.

The responsiveness of our community colleges has its value, but it also has its cost. Within its available resources, each institution must seek the appropriate balance in mission and programs which best serves its region. For example, although there will be elements in common, an urban community college will be different from a rural community college. To enhance institutional effectiveness in achieving the goal of excellence, we must also address some questions at the system level. On such issues as their role in developmental education, it will be essential for the community colleges as a group to study and refine their mission. And finally, there is continuing pressure on the Board of Regents to extend community college services to areas which consider themselves underserved; but new campuses are expensive, and we cannot seriously consider expanding these services, even if the need is demonstrated, without a corresponding increase in funding. We must protect the integrity of the existing campuses and programs that have been developed and nurtured over the last few decades. A refinement of our policy for establishing additional campuses under a single community college must be incorporated into our forthcoming long-range plan.

INSTITUTIONAL BOARDS OF TRUSTEES

Strong autonomous colleges and universities need strong leadership. By reinforcing the autonomy of our campuses, we will certainly improve our ability to attract outstanding academic leaders as presidents. The authority and quality of institutional boards of trustees is also a critical element in insuring excellence and accountability. To function effectively, boards of trustees must understand their role; must have real authority over management decisions; and must be able to devote themselves to supporting clearly defined institutional missions.

Each of our public institutions should have a board of trustees that will expect and demand excellence. Other recommendations made earlier in this report speak to the issues of clarifying institutional missions and governance structure, but in addition we need a system that insures the appointment of individuals of broad experience and high standing to our boards of trustees. These individuals must be chosen for their commitment to the academic mission of their institutions and without even the perception of political interference. We need the same kind of appointment review process that was established for the Judiciary.
I therefore support the establishment of an Academic Review Panel, modeled after the judicial review panel, that will create criteria for the selection of qualified candidates for board appointments, oversee the selection process, and recommend candidates for appointment by the Governor.

Furthermore, the health and prosperity of the system depend on establishing productive relationships between the Board of Regents and the institutional boards of trustees. We should be working together to develop, through these relationships, the kind of citizen and political support vital to public higher education in the Commonwealth. We should also clearly define decision-making authority in each major policy area. And we should continue to establish effective mechanisms for communication between boards of trustees and the Board of Regents, including periodic meetings to discuss substantive policy options prior to their recommendation and adoption by the Regents.

STRUCTURE AND RESOURCES

Budgets

Chapter 15A requires that we submit a unified budget for the Massachusetts system of public higher education. This process works well, providing us with the needed flexibility to allocate resources across the system to accommodate institutional growth and development. To move further toward excellence, however, we need some fundamental changes in the way in which we develop our budget within this framework. We need to examine institutional budgets more realistically; recognize differences as well as similarities among the colleges and universities; and provide the campuses with better incentives and rewards for excellence, sometimes through stimulating healthy competition. The budget process should be a means by which institutions can sharpen their distinctive missions and move toward their goals of quality, access, accountability, and institutional effectiveness.

First of all, I recommend that the Board of Regents modify its approach to the budget in order to better reflect the realities of campus administration. Institutional budgets comprise several basic and legitimate parts: state appropriations, student support (tuition and fees), federal funding, and other state and local funds. Our concern, in the past, has often been limited to state-appropriated funds. In order to make fully informed decisions, we must develop a framework that takes into account the full financial picture of the system and its institutions, without impinging upon vital campus autonomy in these areas.

To assure a solid funding base for all of our campuses, I recommend that through the long-range planning process, and with the assistance of the campuses, we formulate new guidelines for the development of base budgets. These guidelines will differentiate among types of programs and levels of instruction, taking into account differences in mission among types of institutions. Our universities need the resources to focus on graduate education and research. The state colleges must be outstanding teaching institutions offering both baccalaureate and master's level education. The community colleges must continue to be the pathway by which many of our citizens can obtain a college education. Our base budget should be structured in accordance with these various needs.

At the margin, too, we must make the budget more responsive to institutional differences and needs, and to institutional performance. Our process should assure that new resources are targeted in areas where state priorities or identified opportunities exist and where we can measure the returns on our investment. I therefore recommend that we develop "indicators of effectiveness" for our system of higher education and that we encourage each institution to develop multiple measures that reflect its distinctive mission.

Our systemwide capital investment program was developed and presented in terms of differential needs of types of institutions and individual campuses; its passage substantially as we submitted it has been one of our outstanding successes as a system. A number of individual operating budget initiatives have likewise embodied a "segmental" approach, including the Engineering Reserve, Business Administration Reserve, and College Success Program. Some of these also incorporated elements of performance-based budgeting. A greater reliance on these approaches will improve the Regents' budget oversight, the campuses' financial management, and the system's ability to gain the resources we need.

New Sources of Revenue

The Massachusetts system of public higher education appears to be facing years of limited resource growth. Currently more than 85 percent of our operating budget is committed to salaries. While salaries increased at rates generally exceeding the level of inflation, funds

needed to maintain the higher education infrastructure have been more difficult to come by. Their growth has been much more erratic and generally at levels well below the rate of inflation and national standards for maintenance and replacement.

On July 16, 1988, Governor Dukakis signed into law a landmark Capital Outlay Facility Program for the Massachusetts system of public higher education. This act, Chapter 208, authorized $346 million for major capital projects on the campuses. As we consider the need to change the structure of our system, we also have a unique opportunity to consider new directions in order to maintain and efficiently expand upon the capital assets of our enterprise.

The historical factors that have resulted in major costs now associated with deferred maintenance are well known and need not be recounted here. The recommendation that follows is designed to avoid such conditions from developing as new capital projects come on line. It would provide a potential funding stream that could be used to maintain new capital projects in an "as built" condition. And, by creating an independent and stable funding source, it would insure that we will not be faced with a "Crumbling Academe" in the coming years.

I recommend that we seek legislation to establish a Public Higher Education Capital Endowment Fund. The legislation would permit endowment funds to come from the proceeds of sales of higher education assets. Funds in the Account could be augmented by general appropriations, limited duration bonds, systemwide user fees, tuition receipts, and unexpended funds from prior fiscal years, and by institutional matching funds deposited in the Account. Interest plus funds from other sources would be available to all public colleges and universities. Initially the Endowment Fund might be dedicated to the maintenance of our physical plant. As resources increase, they would become the principal source of funding for targeted investments for excellence in all aspects of our institutions and programs.

Capital Outlay Process

The issue of capital maintenance raises a related concern about the need to re-examine the efficiency of our capital outlay process. Coincident with the reorganization of its public higher education system in 1980-81, the Commonwealth reformed its capital outlay process. The creation of the Division of Capital Planning and Operations (DCPO) under Chapter 579, like that of the Board of Regents under Chapter 15A, led to a new set of relationships and procedures that included unintended as well as intended effects. As we enter upon a period of major investment in campus renewal and construction, when capital planning ranks among the most important of the Board's responsibilities, it is incumbent upon us to assess the effectiveness of the structures and processes established under Chapter 579 as well as Chapter 15A.

The most striking characteristic of capital processes under DCPO is their slowness, as compared to similar projects undertaken in the private sector or through our own building authorities. Because of the rapid escalation of construction costs, the loss of time translates into enormous costs to the taxpayers of Massachusetts and lost opportunities for our campuses. The salient problems appear to be unwieldy procedures and, in many cases, lack of a clear locus of authority to make key decisions. The respective roles of DCPO, the Board of Regents, and the campus administrations in the capital process have yet to be precisely defined.

We have, in fact, enjoyed effective working relations with DCPO over the years, and we have jointly made significant progress in streamlining procedures under Chapter 579 — for example, by raising the size limit on projects that may be delegated to campus control. This progress should continue; and, at the same time, we should consider seriously whether some amendment of the provisions of that act might be conducive to better realization of its original purposes.

No statewide governance and coordination structure can be perfect. Our missions are too diverse, and we serve too many countervailing interests to fully satisfy all of our constituencies at any one time. Any structure that we do establish, moreover, must be subject to adjustment from time to time, either because of oversights or miscalculations at its inception or because of the subsequent evolution of the system in the Commonwealth. The need for these alterations is not a sign of the failure of the system, and they should be made with due recognition of its successes as well as its shortcomings.

This report specifies reforms we propose in the general governance structure for the Massachusetts system of public higher education. It does not present a detailed analysis of all of the organizational and administrative changes that will emerge at the Board of Regents and on some of the campuses in response to the restructuring. I will, however, suggest well in advance one particular step that we will take. Just as the present proposal revises the system created eight years ago, the new structure will also in time require revision. I therefore propose that we commit ourselves now to undertaking a formal participatory review after five years, with an eye to still further improvement of our system's effectiveness.

Today we are all very much aware of the severe, immediate financial crisis facing our system and every institution within it. I have made my concern clear on many occasions, both publicly and to state government leaders; campus presidents and chancellors, whose responsibilities are somewhat different from mine, have been even more outspoken, at least in public. Our new Chairman, Senator Paul Tsongas, speaks for all of us in his adamant insistence on a realistic "budget for excellence." Yet we must not forget that even in terms of financing, this decade has been a golden age for Massachusetts public higher education. For the first time in our history, we have broken out of the bottom tier of the national rankings in state support and have risen to the top ten — to first place in terms of ten-year gains. Our faculty and staff salaries are at last competitive, providing deserved rewards that allow us to attract and retain the finest teachers, scholars, and leaders. We have won an unprecedented victory in the passage of phase I of our capital investment program; few, I think, would contend that we could have done that separately, in piecemeal fashion. We do confront difficulties, and they are by no means limited to finance. But we do no service to our enterprise if we depreciate its successes, or forget that we achieved them together.

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